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INTELLIGENCE REPORT

COUNTRY China

DATE:

SUBJECT Economic Information: Currency in Dairen

INFO. As stated

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SUPPLEMENT

ORIGIN As stated

25X1X6

25X1X6 A. Currency in circulation

1. Bank notes in circulation in Dairen are as follows:

- The former Central Bank of Manchuria notes (Manchurian yuan).
- Bank of Korea notes.
- Soviet Army notes.

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2. The currency in [greatest?] circulation in Dairen is the Soviet Army note. A few months ago, the Jen Min Hu Sheng Pao's printing shop was given permission to print these notes. None have been printed yet, however.

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3. The standard 1/ Dairen currency is the Soviet Army note.

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4. Only three currencies are used in Dairen: Manchurian yuan, Soviet Army currency and Korean notes.

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- 2 -

25X1X6 B. Exchange Rates

1. U.S. dollar exchange rates were as follows:

3 April	1946	U.S. \$1	exchanged for Manchurian yuan	175.00
22 "	"	"	"	290.00
1 August	"	"	"	750.00
31 "	"	"	"	350.00
1 September	"	"	"	420.00

The exchange rate in Dairen is governed by the exchange rate in Tientsin and Shanghai.

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About every ten days, U.S. dollars are smuggled into Dairen from Shanghai by means of Chinese junks. Personnel involved in this traffic now are all Chinese. In several earlier cases, Japanese were apprehended in this activity. They were given physical punishment and their property was confiscated.

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2. Manchurian, Korean and Soviet Army dollar exchange rates

a. Manchurian yuan and Soviet Army dollars were exchangeable at a rate of 100 to 150, respectively.

b. Korean notes and Soviet Army currency were exchangeable at a rate of 100 to 190, respectively.

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Note: It was previously reported that Soviet Army notes and Manchurian yuan were of equal value.

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3. Additional report on exchange rates between Manchurian, Korean and Soviet Army dollars:

a. Soviet 1.30 to 1 Korean.

b. Soviet 1.50 to 1 Manchurian yuan.

(Source: Two ex-fishing boat captains who travelled between Dairen and both Nationalist and Communist ports. Interpreter is an observer attached to the National Bureau of Fisheries at Tientsin. He stated that he had interpreted only such parts of source's reports as he considered true. Date of interview was 28 August. Date of information was not given. Origin: Tientsin.)

4. Soviet Army notes were exchanged at a rate of 17-10 Manchurian yuan.

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- 3 -

25X1X6 c. Circulation

1. The Soviets have forbidden the circulation of the paper money issued by the Communists because the Soviets wish to avoid inflation of the currency already in circulation. CNC has not yet been circulated.
2. Since the Nationalists began to call in the Soviet Army notes in the areas they control, there has been a great influx of these notes into the Communist-held areas and into Dairen, in particular. This has caused the prices of many articles to rise to twice the former amount.

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